



## **Q1 2022 – Conference Call Note**

Dr. Christian Hartel (CEO), Dr. Tobias Ohler (CFO)

April 28, 2022

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# WACKER Q1 2022 Highlights

## Financials



**€2.1bn**

**Sales** (+53% yoy)

Very strong demand across entire portfolio

**€644m**

**EBITDA**

(€258m Q1'21)

**31.0%**

**EBITDA Margin**

(19.0% Q1'21)

**€7.92**

**EPS**

(€2.29 Q1'21)

**€521m**

**Net Financial Assets**

(€547m 31.12.21)

## Operations



**Strong demand in Chemicals**

Most plants fully loaded; pricing initiatives ongoing to counter unprecedented raw material increases

**Polysilicon stays tight**

Low inventory levels for solar grades, strong demand from semiconductors

## Sustainability



**Commitment to TCFD<sup>1</sup>**

Preparing climate-related financial risk and opportunity disclosures

**Path to Net Zero**

Statkraft to supply hydro-electric power for silicon metal in Norway

**Ambitious  
2030 Targets  
detailed  
at CMD**

1) TCFD = Task Force on Climate-Related Financial Disclosures

# CMD 2022

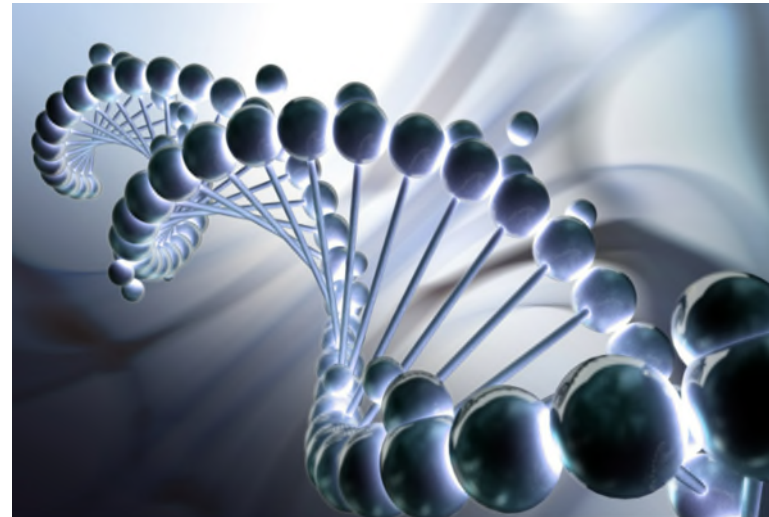
## Proven Successes – Transformation to Full Specialty Setup



### CHEMICALS

#### Specialty transformation

- ▶ Strong profitability
- ▶ Regional expansion
- ▶ Focused investments



### BIOSOLUTIONS

#### Biotechnology foundation

- ▶ Innovation and technologies
- ▶ Bolt-on acquisitions
- ▶ Leading microbial and advanced medicines CDMO



### POLYSILICON

#### High-end focus

- ▶ #1 in semi
- ▶ Improved mix
- ▶ Reduced costs



# CMD 2022

## Addressing Customer Demand – Strategies and Targets

### CHEMICALS

#### Accelerate Growth

- ▶ Demand pull from sustainability
- ▶ First choice for innovative and customized solutions
- ▶ Further expansion of global presence, close to customers

#### Chemicals 2030 targets

- ▶ Volume/Mix CAGR: 6-10%
- ▶ EBITDA Margin: >20%
- ▶ ROCE: >2x Cost of Capital

### BIOSOLUTIONS

#### Incubate, Innovate, Grow

- ▶ Demand pull from advanced medicine and clean food
- ▶ Strong investments in innovation
- ▶ Bolt-on acquisitions

#### Biosolutions 2030 targets

- ▶ Sales of €1bn by 2030
- ▶ EBITDA Margin: >25%
- ▶ ROCE: >>1x Cost of Capital

### POLYSILICON

#### Strengthen Semi Position

- ▶ Demand pull from rapidly growing semi/solar markets
- ▶ Strong long-standing cooperation with customers
- ▶ Best-in-class sustainability

#### Polysilicon 2030 targets

- ▶ Double semi volumes sold by 2030
- ▶ EBITDA Margin: >30%
- ▶ ROCE: >2x Cost of Capital

# CMD 2022

## Clear Path Forward: Focus On Growth And Value

### Key Initiatives and Performance Indicators 2022 - 2026

#### CHEMICALS

- ▶ Further regionalizing supply chain and earnings-accretive bolt-ons
- ▶ Volume / sales growth p.a.:  
1.5-2x historic volume/mix CAGR,  
from 4-5% historically to 6-10%
- ▶ CapEx p.a. > 400 €m
- ▶ ROCE > 2x Cost of Capital

#### BIOSOLUTIONS

- ▶ Strong investment in innovation and early-stage bolt-ons
- ▶ Volume / sales growth p.a.:  
Organic growth: > 10%  
Inorganic growth: 5-10%
- ▶ CapEx p.a. > 80 €m
- ▶ ROCE ≤ Cost of Capital

#### POLYSILICON

- ▶ Investments in semi and cost efficiency
- ▶ Volume / sales growth p.a.:  
Portfolio shift to semi
- ▶ CapEx p.a. ~ 100 €m
- ▶ ROCE > Cost of Capital

# CMD 2022

## Maintaining Resilience

### Sourcing Initiatives

- ▶ Long-term strategies and short-term actions to mitigate price volatility

### Selective backward integration

- ▶ Continuous modernization and expansion of silicon metal in Holla
- ▶ Supply chain stability, margin stabilization

### Pricing Power

- ▶ Successful pricing initiatives
- ▶ Stable financial performance allows for continuous CapEx to serve customer needs

### POLYMERS

- ▶ Several price increases and temporary surcharges

### SILICONES

- ▶ Active pricing initiatives started to address surging silicon metal in Q4/2021

### Lean Cost Structure

- ▶ **Overall cost “Shape the future” 2022e savings €200m**
  - ▶ creating a faster and leaner organization
  - ▶ addressing all indirect/non-operative functions
  - ▶ reducing personnel expenses and indirect spend
- ▶ **Operational efficiency avg savings p.a. 2017-21 €75m**
  - ▶ Continuous improvement
  - ▶ Cost roadmaps

▶ **Strong Balance Sheet: Resilience for Growth**

# CMD 2022

## Capital Allocation Priorities

### GROWTH

CapEx and M&A

#### High-Return Growth CapEx

- ▶ Accelerate chemical capacities in all regions, diversified portfolio of downstream projects
- ▶ Early-stage assets, create synergies in BIOSOLUTIONS; strengthen market position, extend value chain in CHEMICALS

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### SHAREHOLDER RETURNS

Dividends

#### Strong Commitment to Shareholders

- ▶ Continued policy of ~50% payout of net income from continuing operations
- ▶ For 2021, proposed dividend of 8 EUR per share (~400 m€ payout) in-line with policy

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### PENSIONS

Reform

#### Initiatives Underway to Reduce Pension Deficit

- ▶ Modernization of our system to a fully funded defined contribution system, relevant for all new employees and everybody willing to switch over to it
- ▶ Pension liability could reduce from introduction of new payout option (~ 200 €m) and with sensitivity of interest rate (+0.5%-point: ~ 400 €m)

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# CMD 2022

## Faster Growth, Bolder Moves, Higher Profitability

### Targets 2030

- ▶ Sales: >€10bn
- ▶ Volume/Mix CAGR: 1.5-2x Historic
- ▶ ROCE: 2x Cost of Capital
- ▶ EBITDA Margin: >20%
- ▶ CO<sub>2</sub>e: -50% Emissions

### CREATING TOMORROW'S SOLUTIONS

*Our solutions make a better  
world for generations*



# Profit & Loss Statement

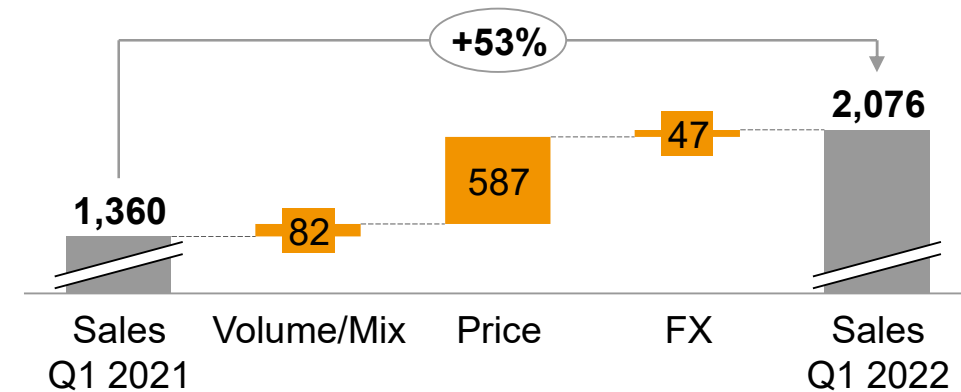
## Successful Pricing, Strong Volumes and Good Cost Performance

### WACKER P&L Q1 2022 (€m)

€m	Q1 2022	Q1 2021
Sales	2,076.2	1,359.6
<b>Gross profit from sales</b>	<b>667.6</b>	<b>299.9</b>
<i>Gross profit margin (in %)</i>	<i>32.2%</i>	<i>22.1%</i>
S,G&A and R&D	-159.4	-145.9
Other operating income	23.7	21.7
Other operating expenses	-21.0	-13.7
<b>Operating result</b>	<b>510.9</b>	<b>162.0</b>
Result from investments in joint ventures and associates and other investment income	38.6	4.2
<b>EBIT</b>	<b>549.5</b>	<b>166.2</b>
Interest result	-4.7	-4.9
Other financial result	--14.0	-4.8
<b>Profit before tax</b>	<b>530.8</b>	<b>156.5</b>
Income taxes	-128.2	-38.6
<b>Net income for the period</b>	<b>402.6</b>	<b>117.9</b>
<b>EPS (in €)</b>	<b>7.92</b>	<b>2.29</b>
<b>EBITDA</b>	<b>643.7</b>	<b>257.7</b>
Depreciation/amortization	-94.2	-91.5
<b>EBIT</b>	<b>549.5</b>	<b>166.2</b>

### Comments

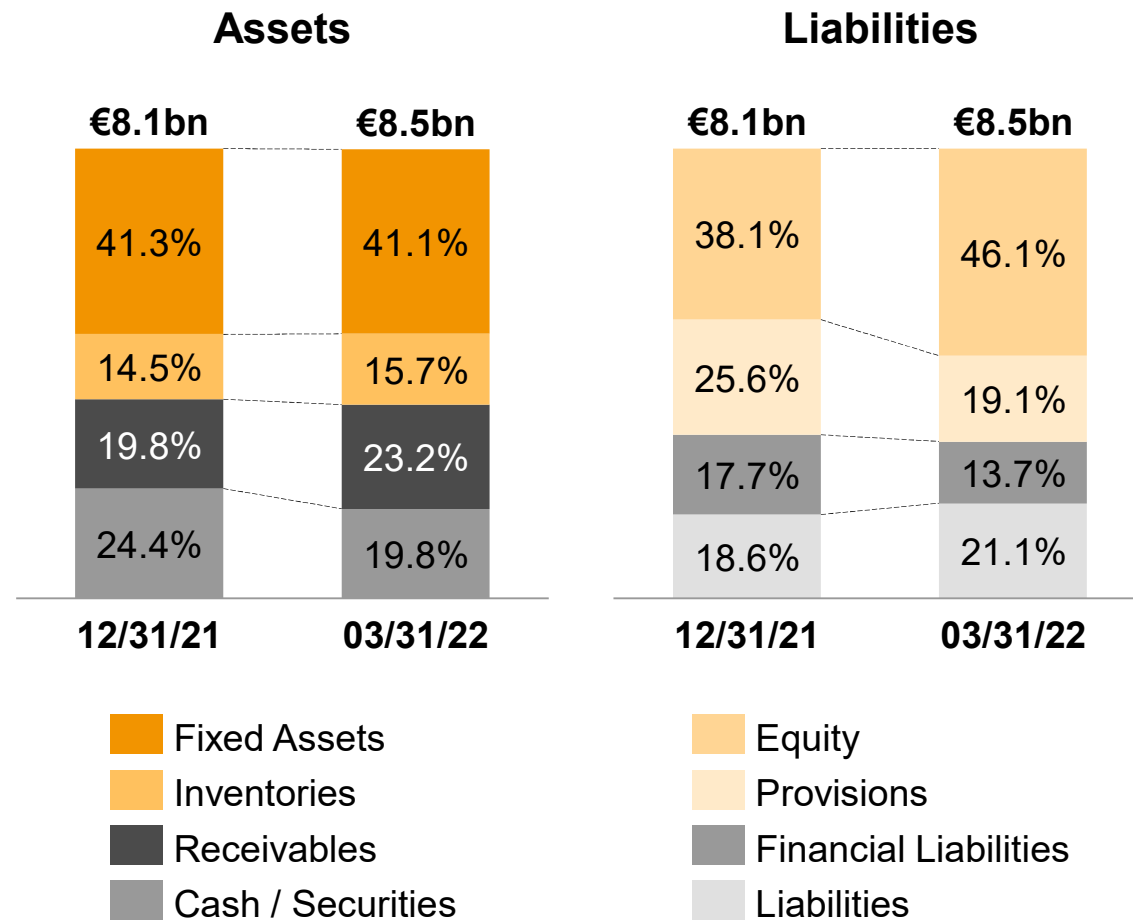
- ▶ Sales +53% yoy  
Volume/Mix +6%, Price +43%, FX 3%
- ▶ EBITDA supported by pricing actions to compensate for unprecedented raw materials (+>€250m yoy)
- ▶ Siltronic at-equity accounting contributes €29m (Q1 2021: €11m)
- ▶ EPS of €7.92 (Q1 2021: €2.29)



# Balance Sheet Composition

## Equity Increases by >€800m on Earnings and Lower Pension Deficit

### Balance sheet (%)



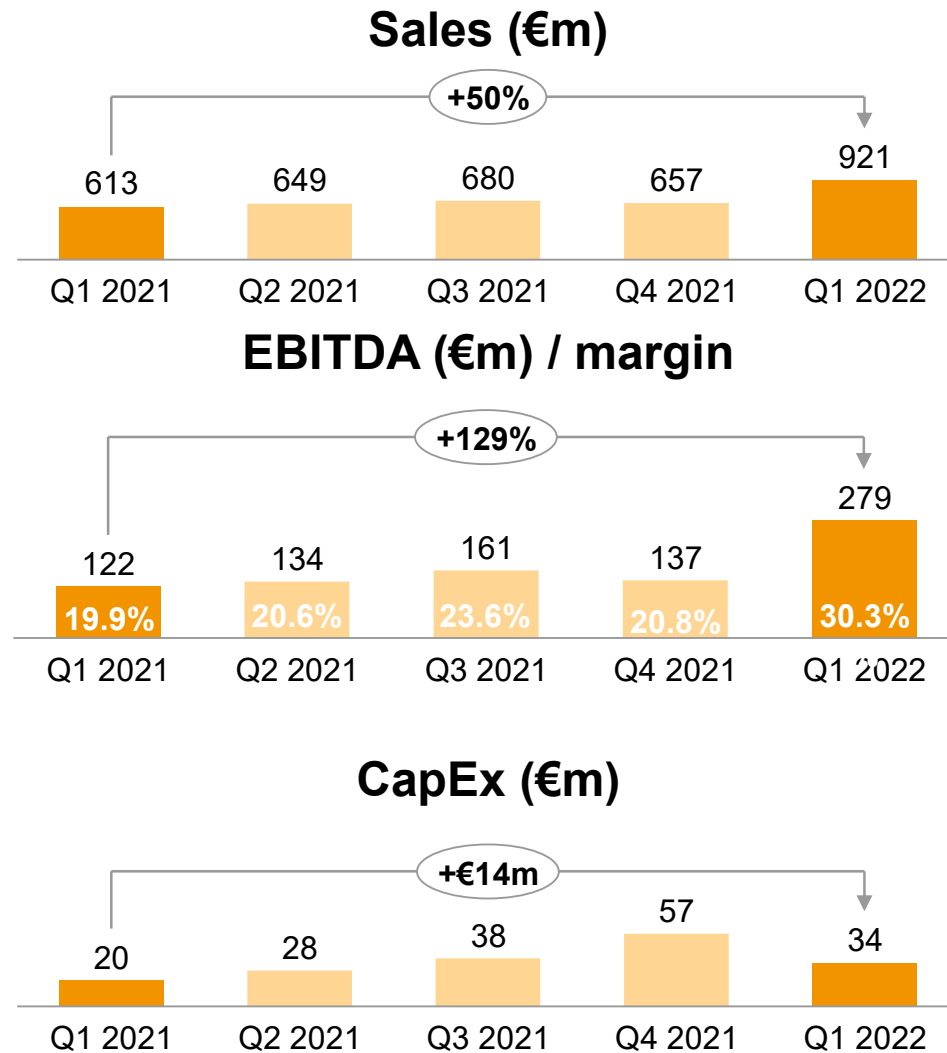
### Characteristics 3/31/22

- ▶ Strong Liquidity:
  - ▶ Cash & securities of €1,685m (Dec 31, 2021: €1,983m)
  - ▶ Working capital increases due to high sales and raw material inflation to €1,629m (Dec 31, 2021: €1,240m)
- ▶ Provisions for pensions: €1,359m (Dec 31, 2021: €1,813m)
  - ▶ Discount rate in Germany at 1.87% (Dec 31, 2021: 1.24%)
  - ▶ DTA<sup>1)</sup> relating to pensions of €224m
- ▶ Equity: €3,914m (Dec 31, 2021: €3,100m)

1) DTA= Deferred tax asset

# SILICONES

## Strong Performance Driven by Pricing Initiatives and Trailing Raw Material Effects



### Highlights Q1

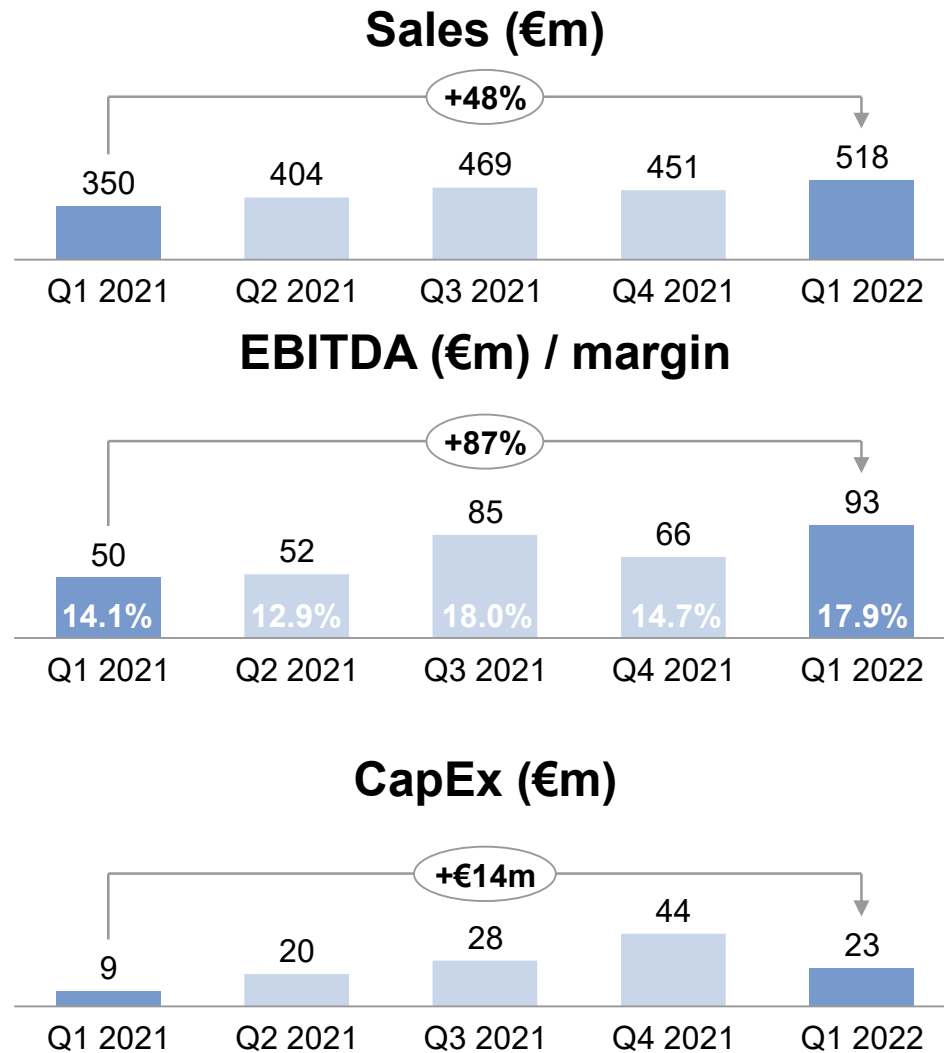
- ▶ Strong demand across all sectors with price and volume/mix driving sales
- ▶ EBITDA benefited from trailing raw material prices
- ▶ Market prices for Si-metal and energy significantly higher

### Outlook 2022

- ▶ Updated FY outlook to sales of approx. €3.3bn with an EBITDA margin on a par with PY (2021: 21.3%)
- ▶ Robust demand for specialties, increased uncertainty from geopolitics, consumer inflation and pandemic

# POLYMERS

## Further Price Increases to Counter Strong Rise in Costs



### Highlights Q1

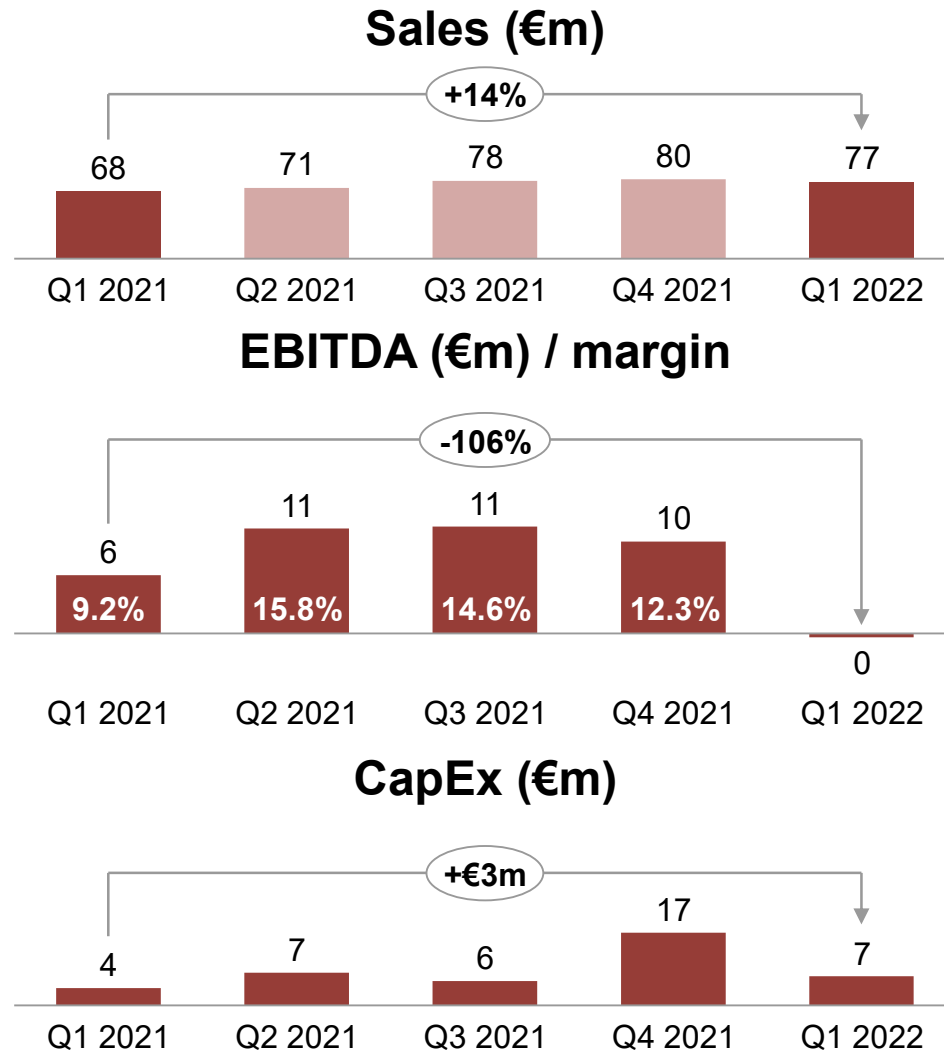
- ▶ Continued strong demand
- ▶ Price initiatives address rise in raw materials, energy and logistics
- ▶ EBITDA supported by good cost performance
- ▶ CapEx focused on new capacities in China, scheduled for completion in H2 2022

### Outlook 2022

- ▶ Updated FY outlook to sales of approx. €2.1bn with an EBITDA margin on a par with PY (2021: 15.1%)
- ▶ Higher volumes in all regions
- ▶ Further cost increases to be compensated by higher prices



# BIOSOLUTIONS: WACKER Selected for Germany's Pandemic Preparedness Plan



## Highlights Q1

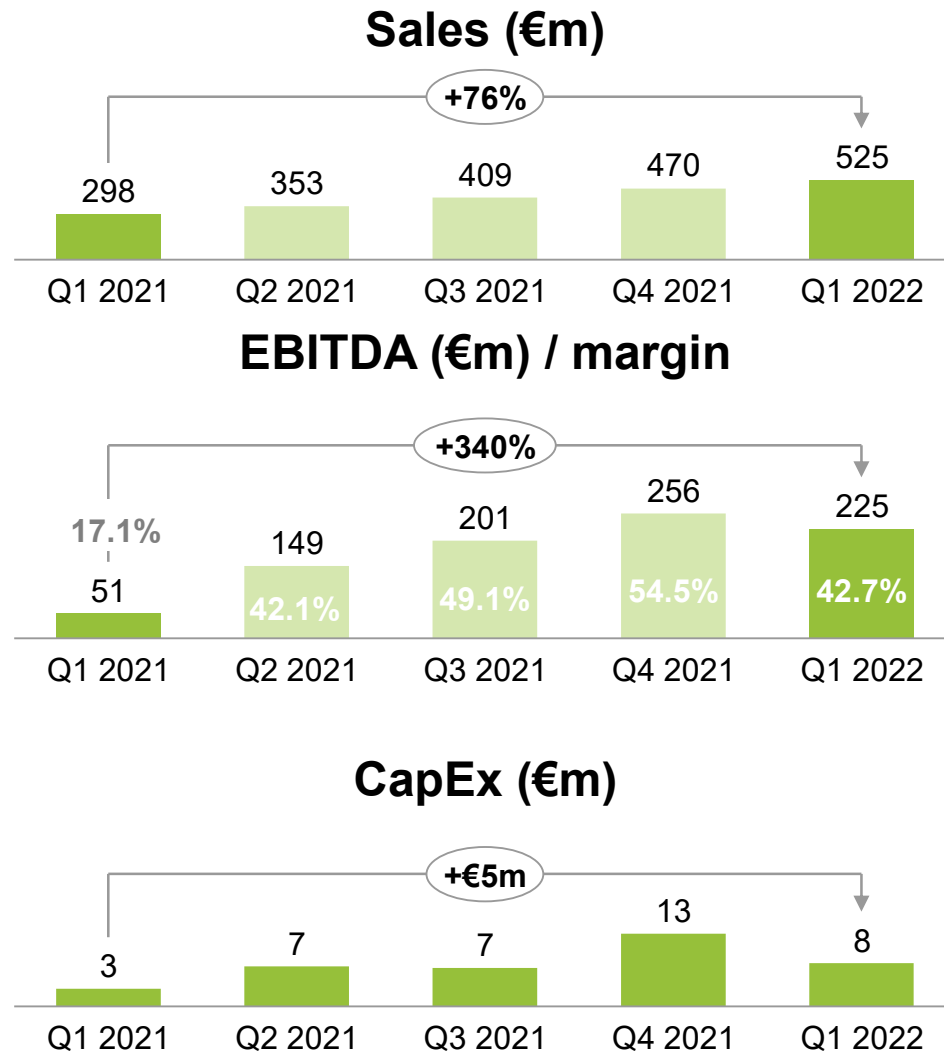
- ▶ Strong sales growth in BioIngredients
- ▶ EBITDA held back by Life Science Chemicals force majeure and integration costs
- ▶ WACKER and CordenPharma will produce mRNA vaccines for Germany when needed:  
80-100 million doses p.a from 2024 till 2029

## Outlook 2022

- ▶ Low-double-digit % sales growth with continued growth in biologics
- ▶ EBITDA slightly below PY (2021: €39m) due to a force majeure and investments in BioPharma digitalization

# POLYSILICON

## Very Strong Demand for Solar- and Semi-Grade Polysilicon



### Highlights Q1

- ▶ Prices sequentially higher
- ▶ EBITDA of €225m achieved despite substantially higher energy and silicon metal costs versus Q4
- ▶ Q1 performance somewhat supported by trailing inventory and hedging effects

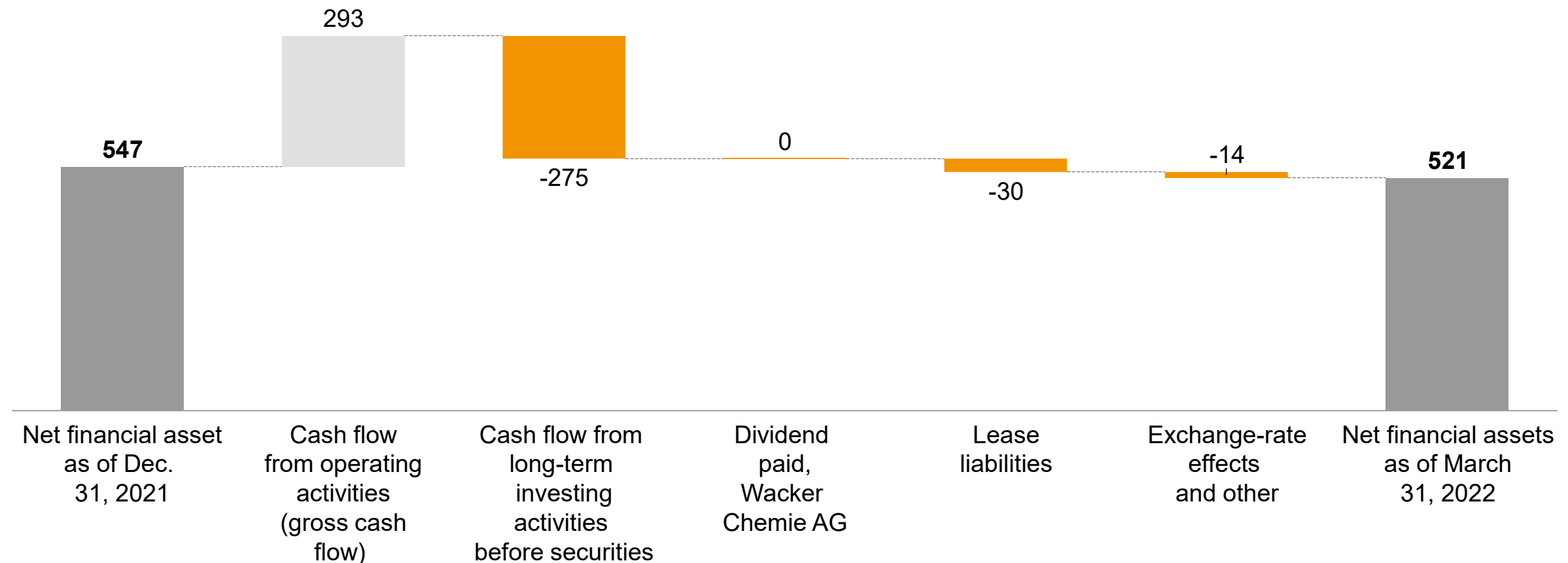
### Outlook 2022

- ▶ Updated FY outlook to sales of approx. €1.8bn with an EBITDA in the range of €330m to €500m
- ▶ Current strong business sentiment supports EBITDA towards upper end of the range
- ▶ Significantly higher raw materials & energy

# Net Financial Position

## Higher Investments in Working Capital and Payment for SICO Acquisition

### Net Financial Position Bridge per 3/31/2022 (€m)



# Guidance FY 2022

In €m	FY 2021	Outlook 2022
Sales	6,208	<b>Around €7,500m</b> (Previously around €7,000m)
EBITDA	1,539	€1,200 – 1,500m ( <b>trending towards upper end of range</b> )
EBITDA margin (%)	24.8%	Substantially lower than last year
Net cash flow	761	Clearly positive, substantially lower than last year
CapEx	344	€550 – 600m
Net financial debt	-547	Positive net financial assets
Net Income	828	Markedly lower than last year
Depreciation	404	Around €400m
ROCE (%)	28.3%	Substantially higher than the cost of capital
Tax Rate (%)	24.3%	Approximately 25%

**BOLD** = New Guidance



**Q1 2022 – Q&A Session**

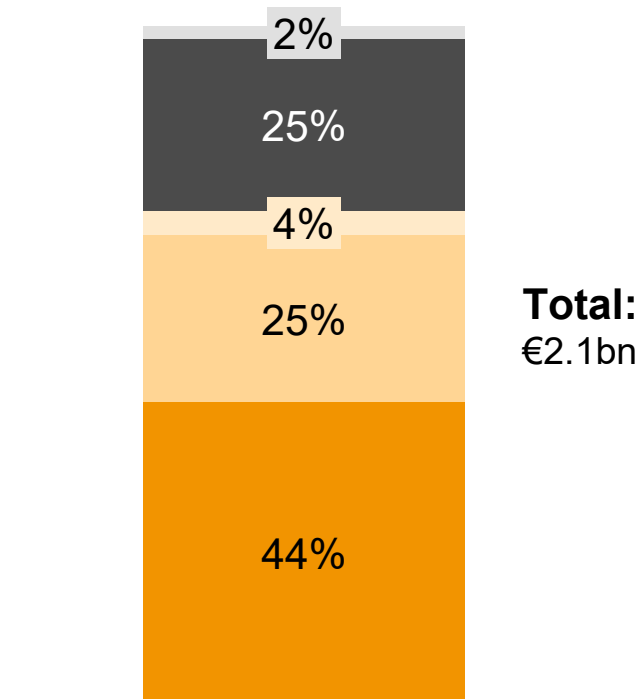
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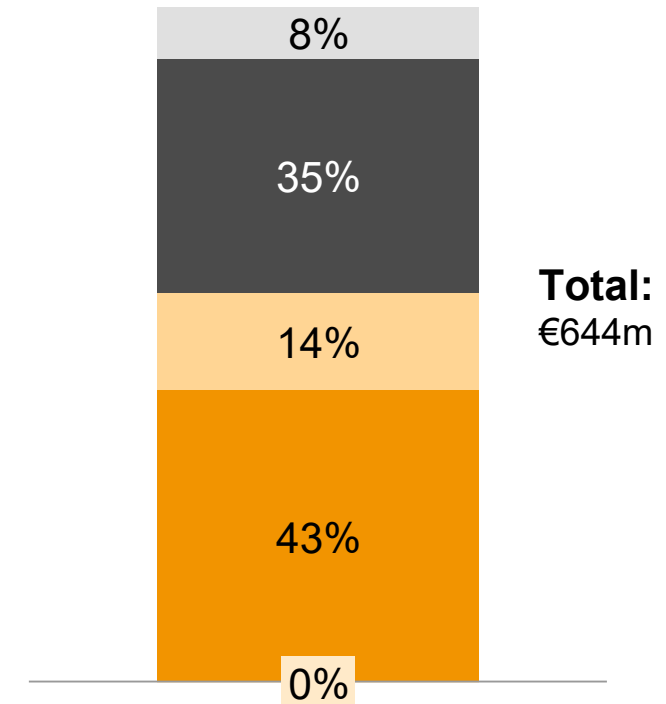


# Appendix: Q1 2022 Results – Sales and EBITDA Breakdown

## Q1 2022 Sales (%)



## Q1 2022 EBITDA (%)



■ SILICONES ■ POLYMERS ■ BIOSOLUTIONS ■ POLYSILICON ■ OTHERS / CONSOLID.

# Appendix:

## Q1 2022 Results – P&L

In €m	Q1 2022	Q1 2021	% YoY	Q4 2021	% QoQ
Sales	2,076	1,360	53%	1,688	23%
EBITDA	644	258	>100%	513	26%
EBITDA margin	31.0%	19.0%	-	30.2%	-
EBIT	550	166	>100%	382	44%
EBIT margin	26%	12%	-	23%	-
Net income for the period	403	118	>100%	272	48%
EPS in €	7.92	2.29	>100%	5.34	48%
Capital expenditures	71	42	100%	147	-43%
Depreciation / amortization	94	92	3%	129	-27%
Net cash flow	18	131	-86%	-4 <sup>1</sup>	n.a.

<sup>1)</sup> incl €250m contribution to a CTA for previously unfunded pension liabilities

# Appendix:

## Q1 2022 Results – Breakdown by Business

In €m / %	Sales					EBITDA					EBITDA Margin (%)		
	Q1 2022	Q1 2021	% YoY	Q4 2021	% QoQ	Q1 2022	Q1 2021	% YoY	Q4 2021	% QoQ	Q1 2022	Q1 2021	Q4 2021
<b>Chemicals</b>	1,438	963	49%	1,109	30%	372	172	>100%	203	83%	25.9	17.8	18.3
SILICONES	921	613	50%	657	40%	279	122	>100%	137	>100%	30.3	19.9	20.8
POLYMERS	518	350	48%	451	15%	93	50	87%	66	40%	17.9	14.1	14.7
<b>BIOSOLUTIONS</b>	77	68	14%	80	-3%	0	6	n.a.	10	n.a.	-0.5	9.2	12.3
<b>POLYSILICON</b>	525	298	76%	470	12%	225	51	>100%	256	-12%	42.7	17.1	54.5
Others	40	34	19%	37	10%	45	30	52%	42	7%	>100	87.9	>100
Consolidation	-5	-3	50%	-6	-23%	3	-1	n.a.	-1	n.a.	n.a.	n.a.	n.a.
<b>WACKER Group</b>	<b>2,076</b>	<b>1,360</b>	<b>53%</b>	<b>1,688</b>	<b>23%</b>	<b>644</b>	<b>258</b>	<b>&gt;100%</b>	<b>510</b>	<b>26%</b>	<b>31.0</b>	<b>19.0</b>	<b>30.2</b>

# Appendix: Strong Growth of Global PV Markets in 2022 Expected

Country	2017	2018	2019	2020	2021	2022e
Germany	1.8	3.0	4.0	4.9	5.3	6.0 – 8.0
Spain	0.1	0.4	4.7	3.3	3.8	4.0 – 6.0
Europe other	4.9	8.1	13.0	13.0	19.9	22.0 – 26.0
<b>Europe total</b>	<b>6.8</b>	<b>11.5</b>	<b>21.7</b>	<b>21.2</b>	<b>29.0</b>	<b>32.0 – 40.0</b>
Australia	1.3	3.8	4.4	5.1	5.2	4.0 – 5.0
China*	52.8	44.3	30.1	48.2	54.9	75.0 – 90.0
India	9.6	8.5	7.3	3.2	12.0	11.0 – 14.0
Japan	7.4	7.0	7.5	8.2	7.5	6.0 – 8.0
USA	10.6	10.6	13.3	19.2	25.0	20.0 – 25.0
Rest of Americas	3.4	6.0	8.0	6.0	7.0	12.0 – 14.0
Rest of World	8.1	13.3	26.0	28.9	29.4	40.0 – 44.0
<b>Total</b>	<b>100 GW</b>	<b>105 GW</b>	<b>118 GW</b>	<b>140 GW</b>	<b>170 GW</b>	<b>200 – 240 GW</b>

Sources: SPE, IHS, industry announcements, WACKER estimates; \*China official data adjusted for installed/not connected capacity

# Appendix: Modelling Help

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## Siltronic AG

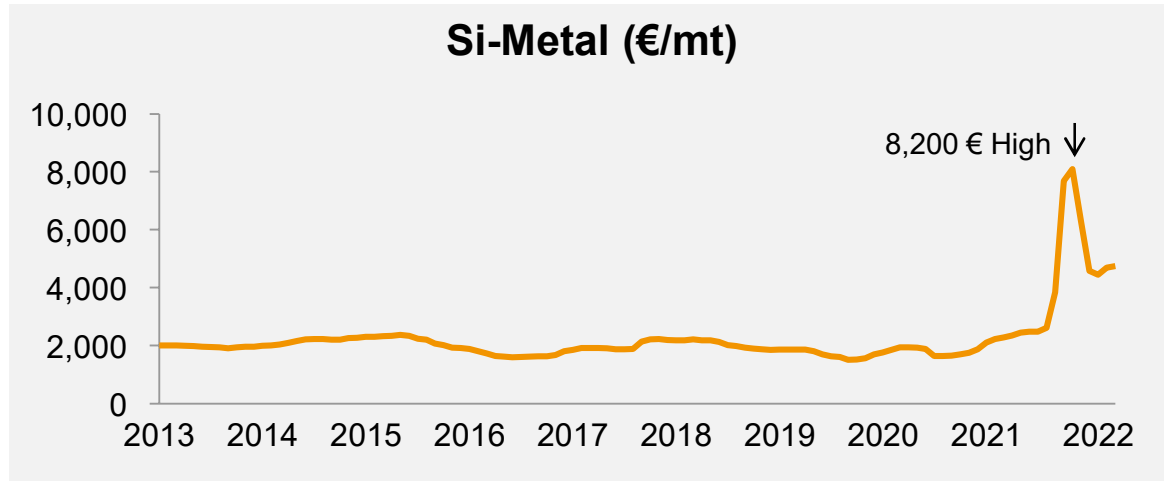
- ▶ At-equity reinstated at end 2021 for entire year
  - ▶ Investment income is reported in WACKER income statement (P&L)
  - ▶ Investment income equals 30.8% of the net income attributable to the shareholders of Siltronic less the PPA (approx. €4-5m per quarter).

## Others Segment

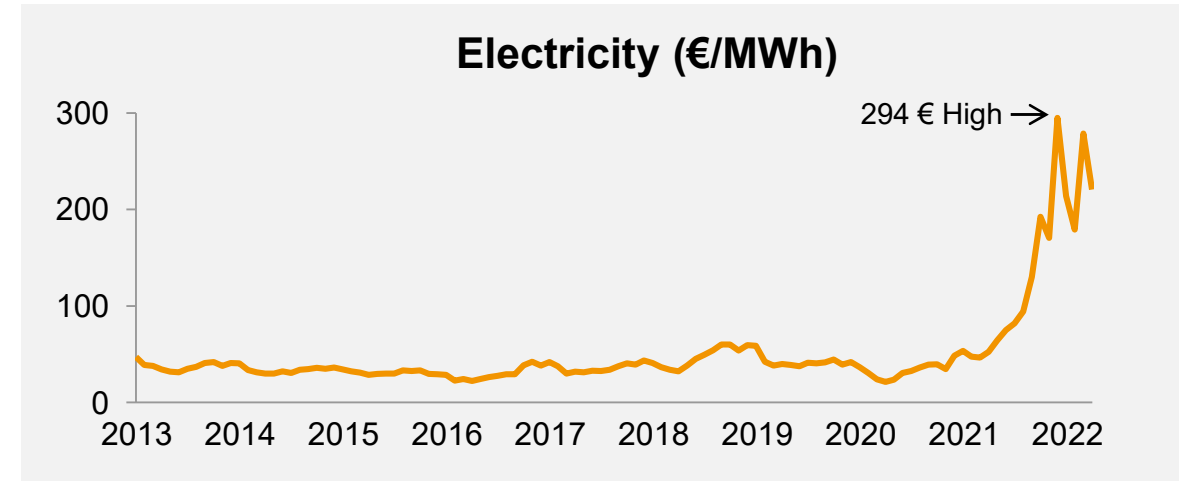
- ▶ Model with -€20m EBITDA for 2022 before Siltronic



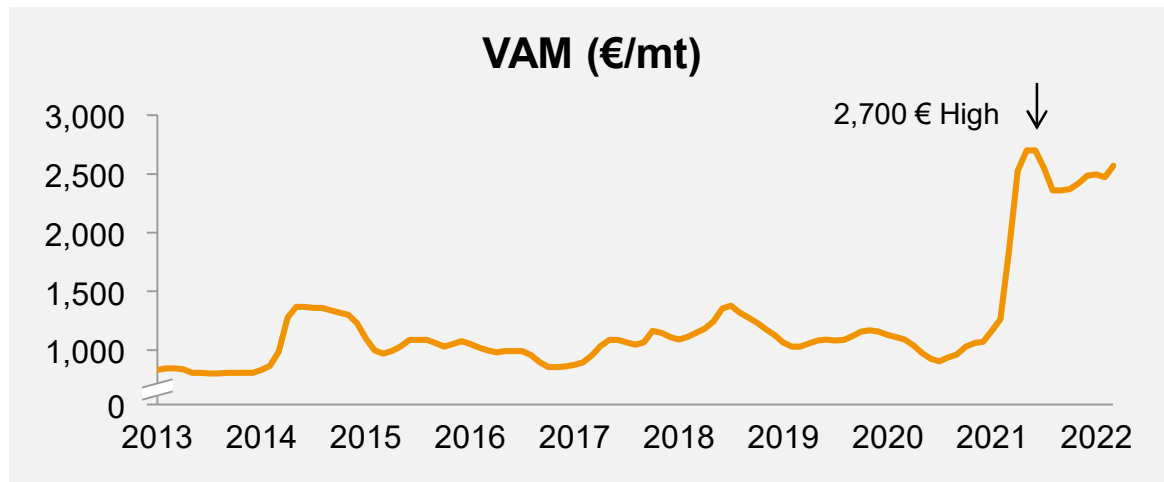
# Appendix: Raw Materials, Power and Gas Show Strong Price Inflation



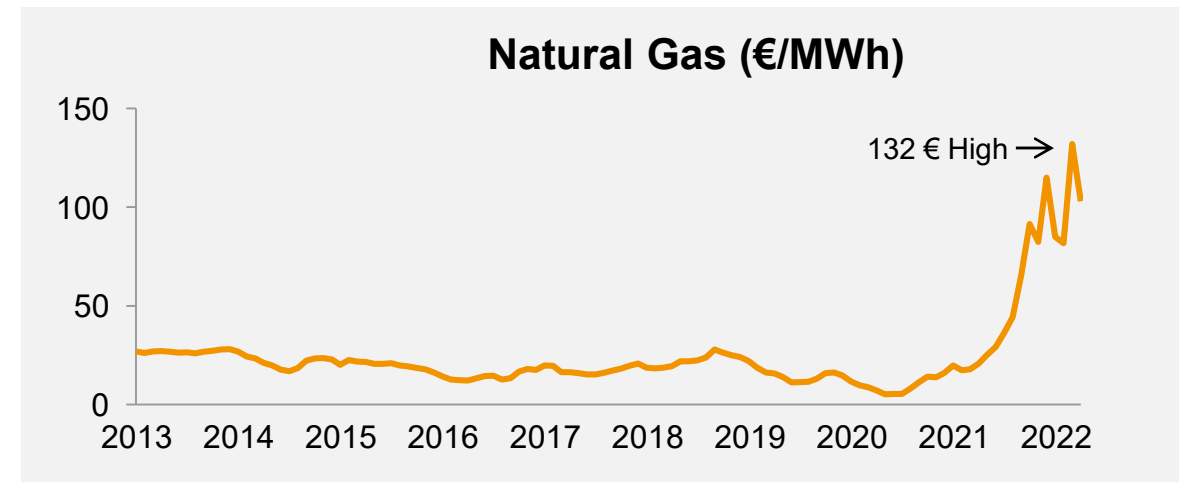
Source: CRU, Si-Metal Spot FD Europe



Source: EEX, Baseload Front Contract



Source: ICIS, Contract FD NWE



Source: PEGAS, Front Contract

# WACKER: Issuer, Contact and Additional Information

## Issuer and Contact

### INVESTOR RELATIONS CONTACTS

**Joerg Hoffmann, CFA**

Tel. +49 89 6279 1633 | joerg.hoffmann@wacker.com

**Scott McCollister**

Tel. +49 89 6279 1560 | scott.mccollister@wacker.com

**Wacker Chemie AG**

Hanns-Seidel-Platz 4, D-81737 Munich

investor.relations@wacker.com

## Additional Information



**ISIN**  
**WKN**  
**Deutsche Börse**

DE000WCH8881  
WCH888  
WCH

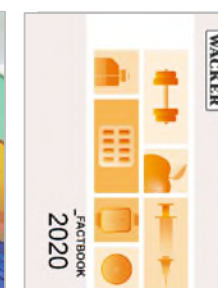
## Financial Calendar

<b>05/20/22</b>	Annual General Meeting
<b>07/28/22</b>	Q2 2022 Results
<b>10/27/22</b>	Q3 2022 Results

## Publications



CUSTOMER  
MAGAZINE



FACTBOOK



SUSTAINABILITY  
REPORT



SQUARE  
APP